

**ITEMS OF INTEREST FOR
COMPTROLLER'S DIRECTIVE NO. 1-09
DIRECTIVE COMPLIANCE GUIDELINES FOR STATE AGENCIES**

If the information requested in the supplemental section is also provided on an attachment, contact the individuals listed in the Questions section of this Directive.

General

- The Directive was reformatted to facilitate identification of specific agency requirements. Informational authoritative literature and guidance and the glossary was removed from the directive body and provided as a web link on DOA's website at www.doa.virginia.gov. Click on the "Financial Statement Directives" link. In addition, a frequently asked questions (FAQ) document has been prepared and provided.
- Agencies must comply with the requirements contained in the **Authoritative Literature/Guidance for Preparation of GAAP Basis Fund Financial Statement Templates**, which can be found on DOA's website at www.doa.virginia.gov. Click on the "Financial Statement Directives" link.
- Any questions related to the Directive should be addressed to the following individuals:
 - ▶ Doug Page, Assistant Director, (804) 225-3136 or doug.page@doa.virginia.gov,
 - ▶ John Sotos, Assistant Director, (804) 225-2111 or john.sotos@doa.virginia.gov; or,
 - ▶ Sharon Lawrence, Director, (804) 225-2414 or sharon.lawrence@doa.virginia.gov.
- The Comptroller's Directive No. 1-09, Directive Compliance Guidelines for State Agencies, has been renumbered from the prior year's Comptroller's Directive No. 3-08.
- Statement on Auditing Standards No. 112, *Communicating Internal Control Related Matters Identified in an Audit* (SAS 112), states that the identification by the auditors of a material misstatement is an indicator of a control deficiency that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control. This includes misstatements involving estimation and judgments and prior year ending balance restatements due to errors. It is possible that significant errors discovered, including those resulting in prior year ending balance restatements, could result in either material internal control weaknesses or even a qualified opinion on the Commonwealth's Comprehensive Annual Financial Report (CAFR). Agencies must ensure controls are in place to avoid misstatements, restatements (due to errors) in their directive submissions.

Continued on next page

**ITEMS OF INTEREST FOR
COMPTROLLER'S DIRECTIVE NO. 1-09
DIRECTIVE COMPLIANCE GUIDELINES FOR STATE AGENCIES**

General, Continued

- On-line training on this directive is available at no charge to agencies. Several directive training modules are available this year to meet the diverse experience levels of agency fiscal staff. Participation **is strongly encouraged** for agencies that must complete information contained in this Directive. Continuing professional education (CPE) credits may be earned by participating in the on-line training. To register for any of the training modules, access the **Comptroller's Directives Team Room** in the **Knowledge Center** at: <https://covkc.virginia.gov>, click on the "Team Center" link, and then click the "Team Rooms" link. Search using the keyword "Directive" and click on the "DOA Comptroller's Directive" link. Click the "Contents" link (under Options) and finally click the course/reference you wish to access.
- Agencies will be notified within a few days of submission due dates if DOA determines the information provided is unacceptable. The deficiency will be identified and a revised date will be provided. Original submissions should be materially correct. Multiple submissions and / or failure to provide corrected information within the specified timeframe may result in citation in the Comptroller's *Quarterly Report on Statewide Financial Management and Compliance*.
- As in previous years, e-mail submissions are required for all submissions unless an individual submission indicates otherwise. Agencies should only submit **one** copy of each submission to DOA. Please note the e-mail addresses below:
 - For attachments only – finrept-agyatt@doa.virginia.gov
 - For supplemental information only – finrept-agysupp@doa.virginia.gov
 - All other correspondence – finrept@doa.virginia.gov

Agencies should remember to copy the Auditor of Public Accounts (APA) on all e-mail submissions at: APAFinRept@apa.virginia.gov.

Continued on next page

**ITEMS OF INTEREST FOR
COMPTROLLER'S DIRECTIVE NO. 1-09
DIRECTIVE COMPLIANCE GUIDELINES FOR STATE AGENCIES**

General, Continued

- The **Supplemental Information** requirements are numbered for each agency. When submitting the required information, the subject line of the e-mail should include the agency number, due date of the submission, and item number. For example, if the Department of Accounts is submitting items due on July 16, then the subject line would read “**Agy 151, Due Date July 16, 2009, Submissions, Item #.**”
 - When naming the actual file, include the Item # in the file name.
 - **DO NOT include different due date submissions within the same e-mail.**
 - When submitting revisions, include “REVISED – date” in the subject line of the e-mail as well as in the file name.
 - If revisions are made to previously submitted supplemental information, submit a completed **Attachment 31**, Supplemental Information – Revision Control Log.

- The U007 and U008 Payroll Reports may be used by certain agencies to complete Attachment 6, Leave Liability for CIPPS and Non-CIPPS Users, Part 3 of the Non-CIPPS tab. Contact Ervin Farmer at (804) 225-3120 or by e-mail at ervin.farmer@doa.virginia.gov to make prior arrangements to receive these reports, if the agency does not already have access to them.

- For your convenience, the contact information in all but the first tab in each attachment / template continues to be auto filled with the information from the first tab, but the cells remain unlocked to allow for more than one preparer to complete the attachment.

- Only cells highlighted in yellow allow for data entry. Messages should appear to provide assistance to individuals having trouble entering data when the established parameters are not being followed. **Failure to correct keying errors denoted by validation messages prior to submission will prohibit acceptance of the attachment.**

- **Certification** is required for most submissions. This certification step requires the names of all preparers and reviewers to be included on all submissions. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any submission. **By typing a name, the individual is certifying that all tabs of the attachment have been reviewed; the information is both complete and accurate; the preparer and reviewer were not the same individual for any tab; and that the preparer and reviewer have read and understand the instructions for completing the attachment.**

Continued on next page

**ITEMS OF INTEREST FOR
COMPTROLLER'S DIRECTIVE NO. 1-09
DIRECTIVE COMPLIANCE GUIDELINES FOR STATE AGENCIES**

General, Continued

- Revision control logs are included in the majority of the attachment workbooks. These logs require the agency to identify the specific worksheets and tabs that have been modified **after** DOA's original acceptance. These logs should also provide a cumulative listing of changes to each attachment. The individual attachment instructions indicate whether the revision control log is applicable. **Failure to adhere to the revision instructions specified for each attachment will prohibit acceptance of revisions.** Include "REVISED – date" in the subject line of the e-mail as well as in the file name. Each time a revision is submitted, the **Certification** tab should be updated with new signatures and dates. DOA will notify agencies if problems are encountered with revision submissions.
 - For CAFR reporting purposes, the Commonwealth capitalizes all equipment that has a cost or value greater than or equal to \$50,000 and an expected useful life of greater than two years. In addition, for CAFR reporting purposes, the Commonwealth capitalizes all other assets that have a cost or value greater than or equal to \$100,000 and an expected useful life of greater than two years. Proprietary agencies / funds will be able to specify the fund's individual capitalization limits in the financial statement template capital asset footnote tab.
 - If an agency is required to prepare financial statements for purposes other than the Comptroller's Directive, the affected agencies will still have to prepare those financial statements. However, unless otherwise specified in the **Supplemental Information** section of the Directive, these financial statements will not have to be submitted to DOA. For those agencies that are audited by the APA, the APA will audit the template for CAFR purposes.
 - The list of attachments includes a column for current year attachment numbers as well as prior year attachment numbers.
-

**ITEMS OF INTEREST FOR
COMPTROLLER'S DIRECTIVE NO. 1-09
DIRECTIVE COMPLIANCE GUIDELINES FOR STATE AGENCIES**

New Attachment

Attachment 19, Pollution Remediation:

- Attachment 19 will capture pollution remediation related reporting information required by **GASBS No. 49**.
-

Attachments No Longer Required

Prior Year Attachment 20, Management Discussion and Analysis:

- Required information will be obtained via separate fluctuation analysis questionnaires and supplemental information for selected agencies.

Prior Year Attachment 29, Internal Control Statement:

- Agencies will certify in accordance with Agency Risk Management and Internal Control Standards (ARMICS) (see Comptroller's Directive 1-08 at www.doa.virginia.gov and click on the "ARMICS" link).
-

**ITEMS OF INTEREST FOR
COMPTROLLER'S DIRECTIVE NO. 1-09
DIRECTIVE COMPLIANCE GUIDELINES FOR STATE AGENCIES**

Attachments with Changes

Attachment 1, Checklist to Determine Information Required by Comptroller's Directive:

- Modified questions related to termination benefits.
- Modified questions related to Capital Assets and Intangible Assets
- New **Attachment 19**, Pollution Remediation, was added to the attachments evaluated for required completion and removed from the general questions section.
- Emphasized under question 1 in the General Information section that it is very important that the agencies take care when reviewing the funds descriptions list. The list will be an integral part of the analysis that DOA performs to implement **GASBS No. 54**, *Fund Balance Reporting and Governmental Fund Types Definitions*, effective for FY 2011. If any fund description does not contain a reference to the authorizing legislation, please ensure it is added. If there is no authorizing legislation for the fund, please add a statement to that effect.
- Question 2 was added to the General Information section to capture information about funds held in local bank accounts.
- Question 7 was added to the General Information section to ensure a successful implementation of **GASBS No. 53**, *Accounting and Financial Reporting for Derivative Instruments*, in fiscal year 2010.

Attachment 4, 2008 Off-Balance Sheet Financial Obligations Update

- Changed the attachment to obtain any revisions to the information submitted via the fiscal year 2008 **Attachment 33**.

Attachment 5, Energy Performance Contracts:

- Expanded reporting requirements on the **Capital Assets** tab to allow for more accurate reporting.

Attachment 6, Leave Liability Statement – CIPPS and Non-CIPPS Users:

- The tab to capture termination benefits associated with non-state OPEBs was removed and addressed as part of **Attachment 1**.

Attachment 8, Schedule of Inventory on Hand as of June 30:

- Questions were added to the **Inventory** tab to address donated inventory and changes in valuation method.

Attachment 9, Governmental Fund Financial Statement Template:

- **Tab 1B – CE & Inv Not w Treas** is no longer password protected.
- **Tab 4 – Miscellaneous** was changed to provide a section for agencies to report pollution remediation related activity to ensure compliance with **GASBS No. 49**.

Continued on next page

**ITEMS OF INTEREST FOR
COMPTROLLER'S DIRECTIVE NO. 1-09
DIRECTIVE COMPLIANCE GUIDELINES FOR STATE AGENCIES**

Attachments with Changes, Continued

Attachment 10, Enterprise Fund Financial Statement Template:

- **Tab 1B – CE & Inv Not w Treas** is no longer password protected.
- **Tab 7 – Miscellaneous** was changed to provide a section for agencies to report pollution remediation related activity to ensure compliance with **GASBS No. 49**.

Attachment 11, Internal Service Fund Financial Statement Template:

- **Tab 1B – CE & Inv Not w Treas** is no longer password protected.
- **Tab 7 – Miscellaneous** was changed to provide a section for agencies to report pollution remediation related activity to ensure compliance with **GASBS No. 49**.

Attachment 12, Private-purpose Trust Fund Financial Statement Template:

- **Tab 1B – CE & Inv Not w Treas** is no longer password protected.
- **Tab 7 – Miscellaneous** was changed to provide a section for agencies to report pollution remediation related activity to ensure compliance with **GASBS No. 49**.

Attachment 14, Capital Asset Accounting and Control System (FAACS) Analysis

- **Tab 2** - Added questions to verify additional balances.
- **Tabs 3, 4 and 5** - Added questions to obtain additional information for Energy Performance Contracts (EPC) and pollution remediation.

Attachment 15, Federal Schedules

- Instructions and schedules provide additional information regarding the new CARS fund/fund details and template requirements relevant to the American Reinvestment and Recovery Act of 2009 (ARRA) reporting requirements.

Attachment 18, Insurance Recoveries:

- Added Part 3 to **Tab 1**- to address insurance recoveries related to pollution remediation projects.

Attachment 24, Schedule of Cash, Cash Equivalents, and Investments as of June 30:

- The **Cash Equiv & Inv. Not w Tr** tab is no longer password-protected so that agencies may add additional rows when needed without having to contact DOA or may copy and paste information into the sheet from their own records. In adding rows or copying information, care must be taken to preserve the existing spreadsheet layout and column and row labels. If rows are added, please also copy the “TYPE” and “INVESTMENT” descriptions at columns A and B and the formulas at columns N and P.
-

ITEMS OF INTEREST FOR COMPTROLLER'S DIRECTIVE NO. 1-09 DIRECTIVE COMPLIANCE GUIDELINES FOR STATE AGENCIES

Highlights of GASB Statements 47 and 49

The requirements of **GASBS No. 47**, *Accounting for Termination Benefits*, address the recognition, measurement, and disclosure requirements related to termination benefits and have been effective for the Commonwealth since fiscal year 2006. Agencies that have experienced workforce reductions should become familiar with the requirements of this statement. Termination benefits are benefits provided to an employee resulting from his/her termination that would not have otherwise been provided. Examples include severance pay or early retirement incentive benefits. Accrued leave payouts that were earned as a result of services rendered are not considered termination benefits. Comptroller's Directive 1-09, includes questions 4 and 4a in the general information section of **Attachment 1**, *Checklist to Determine Information Required by Comptroller's Directive*, to capture all required information for reporting purposes. Termination benefits are usually the result of an authorized plan of termination which requires approval by those at the agency with the authority to commit the agency to such a plan. A **good source** for this information is the agency's **Human Resources Office**.

The requirements of **GASBS No. 49**, *Accounting and Financial Reporting for Pollution Remediation Obligations*, is effective for the Commonwealth beginning with fiscal year 2009. This accounting and financial reporting standard for pollution remediation activities addresses the current or potential detrimental effects of *existing* pollution.

Comptroller's Directive 1-09 includes questions on **Attachment 1**, *Checklist to Determine Information Required by Comptroller's Directive*, and new **Attachment 19**, *Pollution Remediation Costs*, to capture all required information for reporting purposes. It is imperative that the agency fiscal staff coordinate with others to obtain all relevant input regarding the agency's real property and buildings. While this is not an all-inclusive list, agencies may have planned projects affecting:

- asbestos or lead based paint abatement from old buildings,
- clean-up related to leakage of underground fuel storage tanks,
- clean-up related to hazardous materials storage buildings, and
- clean-up of mine related contamination.

Agencies should report remediation information if the agency is the responsible party - even if the agency expects to receive or has received reimbursement(s) from another entity, such as the federal government, or have funds set aside for such activities.

For additional information on **GASBS No. 49**, refer to the on-line detailed training available in the **Comptroller's Directives Team Room** in the **Knowledge Center** at: <https://covkc.virginia.gov>, click on the "Team Center" link, and then click the "Team Rooms" link. Search using the keyword "Directive" and click on the "DOA Comptroller's Directive" link. Click the "Contents" link (under Options) and finally click the course/reference link, **Pollution Remediation**
